

MASSACHUSETTS
Public Employee Retirement Administration Commission
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M E M O R A N D U M

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Clarification of PERAC Memo #25/2000

DATE: June 28, 2000

The Commission has received inquiries regarding the impact of PERAC Memo #25/2000 on payments for unused vacation or personal days made at the time of retirement. As provided in that memo, if a member receives payment for unused vacation and/or personal days because they have given notice of retirement or have retired, that payment is not regular compensation. G.L. c. 32, § 1 and 840 CMR 15.03(2)(f) specifically prohibit any payment made as a result of giving notice of retirement from being considered regular compensation.

A member who is retiring and is eligible to be paid for unused sick and/or personal days has two options:

- The member may receive a lump sum payment which is not regular compensation.
- The member may extend the date of his or her retirement until the vacation and/or personal days have been exhausted. The payments for the period in which the member is using up unused vacation and/or personal days is regular compensation, but the member can not receive a retirement allowance for this period. Also, boards may not replace salary earned in earlier years with these payments for unused vacation and/or personal days at the time of retirement in order to increase a member's average three-year salary.

The payments for unused vacation and/or personal days discussed in PERAC Memo #25/2000 are only for payments made as a result of an annual vacation/personal day purchase policy which meets the other requirements addressed in that memorandum.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.